



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
RESEARCH DEVELOPMENT AND ACQUISITION
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

15 MAY 1998



SARD-PP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Class Deviation to Defense Federal Acquisition Regulation Supplement (DFARS) 219.72—Evaluation Preference for Small Disadvantaged Business (SDB) Concerns in Construction Acquisitions (Test Program)

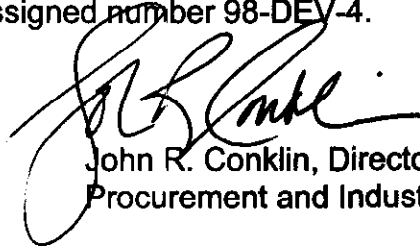
DFARS 219.7202 requires an evaluation preference be applied in competitive acquisitions for construction. DFARS 219.7203 states that "solicitations that require bonding shall require offerors to separately state bond costs in the offer" and if the successful offeror is not an SDB concern, offers will be evaluated excluding bond costs. If, after excluding bond costs, the apparently successful offeror is an SDB concern, bond costs will be added back to all offers, and offers from SDB concerns will be given a preference in evaluation by adding a factor of 10 percent to the total price of all non-SDB offers.

Job Order Contract (JOC) solicitations and contracts issued in accordance with Army Federal Acquisition Regulation Supplement (AFARS) 17.9004-2(h) require that "all costs associated with bonding (specifically including bond premium) shall be included in the coefficient". The coefficient is a numerical factor that represents costs (generally indirect costs) not considered to be included in "Unit Price Book" unit prices. The coefficient proposed by the contractor is multiplied by the Government-established unit prices in the Unit Price Book to price a job or project on individual orders.

The coefficient is used to bid Job Order Contracts and bond costs are indistinguishable from other costs included in the coefficient. I therefore grant authority to deviate from the requirements of DFARS 219.72 when JOC procedures in AFARS 17.9004 apply.



This deviation authority is granted pursuant to Director of Defense Procurement memorandum dated September 30, 1997, Subject: Extension of Test—Waiver Authority. This authority shall remain in effect until May 10, 2000, and is assigned number 98-DEV-4.



John R. Conklin, Director
Procurement and Industrial Base Policy

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CF:

Assistant Deputy Chief of Staff for Research, Development and
Acquisition (Acquisition, Contracting and Production Management),
HQ, U.S. Army Materiel Command, ATTN: AMCRDA-A, 50001
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